

Western Massachusetts Electric Company's
First Set of Information Requests

To Attorney General Witness

David J. Effron

WM-1 (a) Please state the name of the company with which you are presently associated and please provide the date on which you first became employed by this firm.

(b) Please list the officers of your present company.

WM-2 Please list the names of all professionals employed by or associated with the company with which you are presently employed.

WM-3 Please provide a chronology of your professional experience. Please include: (a) the dates worked at Gulf & Western Industries and the positions held; (b) the beginning and ending dates of employment at Touche Ross & Co. and the positions held, including the title of your last position at Touche Ross & Co.

WM-4 Please provide a detailed description of the positions you have held in the last 10 years. Include business addresses for each position. Please also provide a list of clients served during that period.

WM-5 With respect to p. 2, lines 6-7 of your testimony, please provide the testimony you sponsored in D.T.E. 97-120 and D.T.E. 99-110.

WM-6 With respect to p. 2, lines 6-7, please identify and provide the specific orders in D.T.E. 97-120 and D.T.E. 99-110 in which the Department addressed the assertions raised in your testimony.

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WM-7 Please provide copies of all testimony you prepared within the past 10 years relating in any respect to FAS 106, FAS 87, Investment Tax Credits, utility capital structure and Residual Value Credit. Include the date the testimony was submitted and the entity to which it was submitted.

WM-8 Please provide a list of all testimony prepared by you or anyone else at the firm in which you are presently employed in the last 10 years. The list should include the entity to whom it was submitted, the date of the testimony and a table of contents listing the subject matter testified to.

WM-9 Please state whether you have testified before the Department other than in D.T.E. 97-120 and D.T.E. 99-110. If yes, please list the proceedings in which testimony was submitted.

WM-10 With respect to a Residual Value Credit (RVC) (Testimony, p. 4), please explain the benefit to ratepayers of applying the net proceeds from the fossil/hydro generation divestiture over some future period (as in the RVC) versus the immediate application to reduce other stranded costs. All other things being equal, would both applications produce the same results?

WM-11 In regard to p. 7 of your testimony, please provide documentation, tax-related and otherwise, supporting your assertion that "This allocation of the purchase price to the prepayment of the Interconnection Facilities Charge was made for income tax purposes, but did not in any way diminish the actual proceeds received by WMECO from the sale of the facilities."

WM-12 In regard to pages 7-9 of your testimony, please discuss whether the \$2.5 million associated with interconnection facilities is related to the \$2.5 million identified in the second amendment to the Purchase and Sale Agreement (PSA), filed in this proceeding in response to AG-IR-3-10. If the \$2.5 million is not related to the figure shown in the second amendment to the PSA, please explain and provide documentation showing the derivation of the \$2.5 million.

WM-13 In regard to your assertion as to the treatment of Tariff T-9 on the bottom of page 8 and top of page 9 of your testimony, please explain how WMECO should account for the \$2.5 million received for the payment of interconnection rights? Please provide specific FERC accounting entries that would recognize the purchase of the fossil/hydro facilities from Consolidated Edison Energy Massachusetts, Inc. and their purchase of the interconnection rights.

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WM-14 In regard to your assertion as to the treatment of Tariff T-9 on the bottom of page 8 and top of page 9 of your testimony, please explain whether in your opinion the base purchase price of \$47 million noted in Mr. Baumann's testimony, Exh. RAB-4, page 4B, included a purchase of interconnection rights. As part of your answer, please refer to the terms and conditions set forth in the second amendment of the Purchase and Sale Agreement filed in response to AG-IR-3-10. Explain your answer.

WM-15 In regard to p. 10, line 18, you state that "However, the Department generally treated FAS 87 adjustments in a manner consistent with FAS 106 adjustments in that Order." Please provide page citations from the Department's order in D.T.E. 97-120 to support this assertion.

WM-16 In regard to p. 10, line 20 of your testimony, please state whether there is any other reason, apart from your assertion pertaining to D.T.E. 97-120, that FAS 87 adjustments should be credited against FAS 106 adjustments. If your conclusion is based on other proceedings, please provide the specific documents on which you rely.

WM-17 With respect to your FAS 106 calculation on page 11 of your testimony, please state whether you have assumed that any NUSCO employee was terminated as a result of the July 1999 asset divestiture to Consolidated Edison Energy Massachusetts, Inc.

WM-18 With respect to your FAS 106 calculation, please discuss whether there would be a FAS 106 impact if a plant divestiture caused a zero impact on employee levels.

WM-19 Referring to page 12 of your testimony, please explain why a NUSCO FAS 106 allocated adjustment of the net unrecognized gain should be made, assuming no actual NUSCO employees have been reduced as a result of the fossil/hydro divestiture?

WM-20 (a) With respect to your FAS 106 calculation on page 11, please state whether you have adjusted FAS 106 for NUSCO employees. (b) If the answer to (a) was yes, please list your reasons why the FAS 106 calculation should be adjusted with respect to NUSCO employees.

WM-21 With respect to your FAS 87 testimony, please explain whether the use of employee allocation factors for FAS 87 contained in your testimony on page 14 is more appropriate than actual FAS 87 amounts supplied by actuaries.

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WM-22 With respect to your FAS 87 and FAS 106 testimony starting on page 9 of your testimony, please provide the assumptions you made regarding the percentage of the obligation related to retired employees. Explain and justify each assumption provided.

WM-23 In regard to the discussion on page 32 of your testimony, please confirm that your position is that the IRS will allow WMECO an ITC recognition for a facility subsequent to the time when WMECO has sold the facility. Provide documentation and cite any support you rely on for such a position.

WM-24 Please refer to D.T.E. 97-120, DTE-IR-5-66. Please indicate whether you took any issue with WMECO's position in that data request in your testimony in D.T.E. 97-120.

WM-25 With respect to ITC, discussed starting on page 21 of your testimony,

a Are you familiar with IRS Private Letter Ruling 10588499?

b Does that PLR related to Southern California Edison Company conclude that normalization rules would be violated if Southern California Edison ratepayers were given the unamortized ITC benefits associated with sold plant? If your answer is no, please explain why not.

c Please state whether the facts in PLR 10588499 are similar to the facts in this proceeding. If your answer is no, please explain fully.

a Please provide the copy of PLR 10588499 you used in preparing this response.

WM-26 Please provide the specific penalty for violating the investment tax credit normalization rules for the situation noted in pages 21 through 25 of your testimony. Provide detailed cite support for your answer.

WM-27 If the Department supported your recommendations with respect to the investment tax credit normalization rules (see your testimony, page 9 and following), and WMECO was penalized by the IRS as a result, what party, in your opinion, would be responsible to pay for any penalties? How would you recommend such penalties be reflected in rates?

WM-28 With respect to generation operating costs (Testimony, p. 26), please state whether WMECO's entitlements in the nuclear (Millstone) units were utilized to

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supply a portion of WMECO's standard offer requirements in 1998 and 1999?

WM-29 With respect to your testimony regarding the Madison load (p. 29), please state your understanding as to whether the Madison load was a retail or wholesale load. Please explain why you came to this conclusion.

WM-30 With respect to the Madison/Other sales discussed on page 29 of your testimony, please provide your understanding as to whether this transaction affected WMECO's retail ratepayers? If your answer is yes, please explain fully.

WM-31 With respect to the Madison/Other sales discussed on page 29 of your testimony, if WMECO had not sold to Madison, please present your analysis as to whether retail ratepayers would have been impacted. Please fully explain any assertion that ratepayers would have been affected.

WM-32 Please state your understanding as to the inclusion or exclusion of Madison/Other sales listed on page 29 in WMECO's fuel charge prior to March 1, 1998. Please provide documentation for any assumptions or positions taken.

WM-33 With respect to the Tariff 7 sales set forth on page 29 and 30 of your testimony, please explain what you mean on page 29, line 16 by the term 'off-system Tariff 7 sales'.

WM-34 With respect to the Tariff 7 sales discussed on page 29, please provide your understanding as to whether this transaction affected WMECO's retail ratepayers. If your answer is yes, please explain fully.

WM-35 With respect to the Tariff 7 sales discussed on page 29, please provide your understanding as to whether retail ratepayers paid for the costs associated with supplying these retail sales. If your answer is yes, please explain fully.

WM-36 With respect to the Tariff 7 sales discussed on page 29, please provide your understanding as to whether off-system Tariff 7 sales are served by generation costs

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associated with WMECO's own generation. If your answer is yes, please explain fully.

WM-37 Referring to your testimony, page 29, line 16-17, please explain the statement that "all of the generation costs are included in the transition charge..." (emphasis supplied).

WM-38 Please refer to Exhibit DJE-1, Page 3, footnote 1. Is AG 3-6 the proper reference or should the reference be to AG 2-6? In addition, please provide the exact page reference from the Form U-13-60 to support the \$12,500,000.

WM-39 Please refer to DJE-1, page 3. Please provide the calculations and supporting detail for the FAS 87 Unrecognized Gain of \$192,013,000.

WM-40 In regard to Exh. DJE-1, p. 5, please provide the calculations in which the figures for "FAS 106 Expense Recovered in CTC" for each 1998 and 1999 were derived. Please list and explain all assumptions used.

WM-41 In regard to Exh. DJE-1, p. 6A, you include in your calculation "Short Term Debt". Please provide citation to Department precedent allowing for the inclusion of short-term debt in a electric company's capital structure when calculating the cost of capital.

WM-42 In regard to Exhibit DJE-2, page 2, please explain why the "Total" column when summed (\$61,671,000) does not equal the combination of the Residual Value Credit 2000-2009 (\$6,201,000 * 10 = \$62,010,000) plus Residual Value Credit (\$2,584,000)?

WM-43 Referring to Exhibit DJE-2, page 2, provide the detailed calculations and supporting workpapers for the adjustments for the T-9 and Inflation deferral calculation (please refer to footnote 8)?

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